

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
OF THE
STRATEGIC BANKING CORPORATION OF IRELAND
(THE "COMPANY" OR "SBCI")
DULY CONVENED, CONSTITUTED AND HELD BY VIDEO AND CONFERENCE CALL AT
TREASURY DOCK, NORTH WALL QUAY, DUBLIN 1
AT 16.30 PM ON 25 June 2020**

Present:

Barbara Cotter, *Chairperson*

Nick Ashmore, *CEO*

Eilis Quinlan

AJ Noonan

Richard Pelly

Conor O'Kelly

Eoin Dorgan

Tom McAleese

In Attendance:

Ray Mangan *Head of Risk, Finance and Operations (Acting Secretary)*

Robert Quill *Risk and Finance Manager- (Items 1 - 6 only)*

Suzanne Sweeney *Head of Lending*

Emma Hickey *Assistant Lending Manager - (Items 1 - 5 only)*

Sean Farrell *Head of Product Development*

Shane McCullough *Product Development Manager - (Items 1 - 4 only)*

Laura Kennedy *Lending Analyst - (Items 1 - 5 only)*

1. NOTICE AND QUORUM

The Chairperson noted that notice of the meeting and of the nature of the business to be conducted had been circulated to all members entitled to attend the meeting and that a quorum was present. The meeting then proceeded to business.

2. DECLARATIONS OF INTEREST

For the purposes of Section 231 of the Companies Act 2014, Section 17 of the Ethics in Public Office Act 1995 and the Constitution of the Company, there were no material interests declared by members in the business to be transacted at the meeting.

3. MINUTES AND MATTERS ARISING

The Chairperson noted that draft minutes of the meeting of 04 June 2020 had been circulated to the Board in advance of the meeting. **IT WAS RESOLVED** that the minutes of the meetings be approved and that they be signed by the Chairperson when circumstances permitted.

4. FGLS EXTENSION PAPER

The Head of Product Development and the Product Development Manager presented and summarised the Future Growth Loan Scheme (FGLS) paper which sought approval to increase the size of the scheme by €500 million, thereby creating an overall portfolio of €800 million. They noted the amended terms of the scheme, the funding support being provided by the Department of Business, Enterprise and Innovation (“DBEI”) and the Department of Agriculture, Food and the Marine (“DAFM”), and they advised that government approval had been obtained for an initial €200 million increase, with the balance of €300 million remaining subject to legislation.

The Board discussed the likelihood of higher levels of non-performing loans arising in the current economic environment and discussed the assumptions about expected losses, noting that the SBCI relied on the European Investment Fund’s (EIF) risk modelling for this scheme. The Board discussed the expected timing of the proposed legislation, the pricing of the loans and the risk profile of the current FGLS portfolio.

IT WAS RESOLVED;

- I. That the portfolio of loans to be made available under the Future Growth Loan Scheme (the “Scheme”) be increased by €500m, thereby creating an overall portfolio of €800m;
- II. To delegate to the Chief Executive Officer the power to negotiate the terms applicable to the Scheme, including any amendments required to be made to the Scheme’s existing documents, (which shall include (but not be limited to) the EIF counter-guarantee, the co-operation agreement and the guarantees granted to the current participating financial on-lenders), and to approve any new contract, document, agreement or other binding arrangement, (together with any subsequent amendments thereto), required to be entered into in conjunction with the establishment of the Scheme from time to time, conforming in substance to the terms as set out in the Board Paper, with such minor variations as he in his absolute discretion deems necessary or appropriate; and
- III. To authorise the use of the SBCI’s seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

5. COVID WORKING CAPITAL GUARANTEE PROPOSAL

The Head of Lending and the Assistant Lending Manager presented and summarized the Covid Working Capital Proposal and discussed the outcome of the Open Call run for on-lenders, culminating in the proposed allocations to AIB, Bank of Ireland and Ulster Bank as outlined in the paper. Two other on-lender applicants did not meet the appropriate criteria and one applicant did not meet the deadline. The Head of Lending explained they had kept a dialogue with the unsuccessful applicants and that these applicants were encouraged to apply for future schemes where appropriate.

The Board discussed income and expected losses in relation to the proposal in addition to the terms, conditions and criteria required for businesses applying to the scheme. The Board also emphasised the need to ensure that the banks actively deploy the scheme loans to businesses in accordance with the SBCI's requirements.

The Board commended the team for their comprehensive work and continued efforts. **IT WAS RESOLVED;**

1. AIB

a. that the SBCI enter into an amendment and restatement agreement with Allied Irish Banks, p.l.c. ("AIB"), (the "AIB Amendment Agreement"), in respect of the guarantee previously granted by SBCI to AIB relating to the combined SBCI Brexit Loan Scheme and SBCI Covid-19 Working Capital Scheme, (the "Original AIB Guarantee"), so as to increase the volume of the portfolio covered by the Original AIB Guarantee by a further €58m, as more particularly set out in the Covid Working Capital Guarantee Proposal, (the "Amended and Restated AIB Guarantee");

b. to delegate to the Chief Executive Officer the power to negotiate the terms of and to execute the AIB Amendment Agreement, the Amended and Restated AIB Guarantee and any other documents connected to each of the AIB Amendment Agreement and the Amended and Restated AIB Guarantee, together with any amendments thereto, conforming in substance to the terms set out in the Covid Working Capital Guarantee Proposal, with such minor variations as he in his absolute discretion deems necessary or appropriate; and

c. to authorise the use of the SBCI's seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

2. BOI

a. that the SBCI enter into an amendment and restatement agreement with The Governor and Company of the Bank of Ireland ("BOI"), (the "BOI Amendment Agreement"), in respect of the guarantee previously granted by SBCI to BOI relating to the combined SBCI Brexit Loan Scheme and SBCI Covid-19 Working Capital Scheme, (the "Original BOI Guarantee"), so as to increase the volume of the portfolio covered by the Original BOI Guarantee by a further €57m, as more particularly set out in the Covid Working Capital Guarantee Proposal, (the "Amended and Restated BOI Guarantee");

b. to delegate to the Chief Executive Officer the power to negotiate the terms of and to execute the BOI Amendment Agreement, the Amended and Restated BOI Guarantee and any other documents connected to each of the BOI Amendment Agreement and the Amended and Restated BOI Guarantee, together with any amendments thereto, conforming in substance to the terms set out in the Covid Working Capital Guarantee Proposal, with such minor variations as he in his absolute discretion deems necessary or appropriate; and

c. to authorise the use of the SBCI's seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

3. UB

a. that the SBCI enter into an amendment and restatement agreement with Ulster Bank Ireland DAC ("UB"), (the "UB Amendment Agreement"), in respect of the guarantee previously granted by SBCI to UB relating to the combined SBCI Brexit Loan Scheme and SBCI Covid-19 Working Capital Scheme, (the "Original UB Guarantee"), so as to increase the volume of the portfolio covered by the Original

UB Guarantee by a further €10m, as more particularly set out in the Covid Working Capital Guarantee Proposal, (the “Amended and Restated UB Guarantee”);

b. to delegate to the Chief Executive Officer the power to negotiate the terms of and to execute the UB Amendment Agreement, the Amended and Restated UB Guarantee and any other documents connected to each of the UB Amendment Agreement and the Amended and Restated UB Guarantee, together with any amendments thereto, conforming in substance to the terms set out in the Covid Working Capital Guarantee Proposal, with such minor variations as he in his absolute discretion deems necessary or appropriate; and

c. to authorise the use of the SBCI’s seal where required for the proper execution of any documentation in relation to any of the matters outlined above.

6. SHARE CAPITAL PROPOSAL

The Risk and Finance Manager presented and summarized the Share Capital Proposal. The Board discussed whether €50m was the appropriate amount to draw at this juncture, noting that more capital may be required in future if higher losses are incurred as had been demonstrated in the Stress Testing scenarios previously presented to the Board. The Board noted the process for issuance of the share capital, and that it was at the Minister’s discretion as to how the Minister should pay for the subscription.

IT WAS RESOLVED that;

- I. Further equity is required in order to meet the SBCI’s financial obligations as they fall due;
- II. The Minister for Finance be informed of its determination; and
- III. Additional share capital of €50 million should be issued.

7. THIS ITEM HAS BEEN REDACTED

8. AOB

The Chairperson advised the Board that she had written to the Minister for Finance as agreed at the Board meeting of 04 June 2020, and had yet to receive a reply. It was agreed that the letter would be shared with the Board for information purposes.

The Board noted the contents of the recently published Programme for Government which contained several references to the SBCI.

There being no further business the Chairperson brought the meeting to an end.

Barbara Cotter

Chairperson

17 July 2020